

Advisory Opinion

IECDB AO 2005-04

April 19, 2005

William S. Nutty
Senior Research & Communications Administrator
Government Relations
Principal Financial Group
711 High Street
Des Moines, Iowa 50392

Dear Mr. Nutty:

This opinion is in response to your email letter of February 23, 2005, requesting an opinion from the Iowa Ethics and Campaign Disclosure Board pursuant to Iowa Code section 68B.32A(11) and Board rules 351—1.2 and 1.3. We note at the outset that the Board's jurisdiction is limited to the application of Iowa Code chapters 68A and 68B and rules in Iowa Administrative Code chapter 351.

FACTUAL STATEMENT:

We understand you request this opinion in your capacity as the Senior Research and Communications Administrator for the Principal Financial Group. You advise us that the Principal Financial Group and your PAC (PrinPAC) is interested in establishing a "PAC match" similar to what is permitted under federal campaign laws and in several other states as a means to increase pledges to the PAC. A "PAC match" is when corporate funds are used to make a donation to a charitable entity to match a monetary pledge that an individual makes to a PAC.

QUESTION:

Is the donation of a corporation's funds to a charitable organization for the purpose of matching an individual's monetary pledge to the corporation's PAC permissible?

OPINION:

Iowa Code section 68A.503 prohibits financial institutions, insurance companies, and corporations from using their funds to make contributions to a candidate, candidate's committee, or any other committee (including PACs and political parties) that expressly advocates for or against a clearly identified candidate.¹ Under the scenario you raise, the corporate funds in question are not being used for contributions to a candidate, candidate's committee, or any other committee that expressly advocates for or against a

clearly identified candidate. Rather, the corporate funds are being used for a donation to a charitable organization.

Thus, so long as no corporate funds are given to a candidate, candidate's committee, or other committee that expressly advocates for or against a clearly identified candidate, the corporate donation goes to a charitable organization as an incentive for individuals to give to the PAC, and there is no funneling of corporate funds to an individual in exchange for a PAC contribution, this situation would be permissible.²

BY DIRECTION AND VOTE OF THE BOARD

James Albert, Board Chair
Janet Carl, Vice Chair
Gerald Sullivan
Betsy Roe
John Walsh
Patricia Harper

Submitted by: W. Charles Smithson, Board Legal Counsel

¹ The law does permit these entities to make contributions to ballot issue committees.

²The exchange of a corporate contribution to an individual for purposes of making a campaign contribution would also be prohibited under Iowa Code section 68A.502 "Contribution in name of another—prohibited."